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 14 USA Commercial Mortgage Company ("Official Committee of
 15 Direct Lenders")

E-Filed On July 27, 2006

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF NEVADA

11 In re:
 12 USA COMMERCIAL MORTGAGE COMPANY,
 13 Debtor.

Case Nos.:
 BK-S-06-10725-LBR
 BK-S-06-10726-LBR
 BK-S-06-10727-LBR
 BK-S-06-10728-LBR
 BK-S-06-10729-LBR

14 In re:
 15 USA CAPITAL REALTY ADVISORS, LLC,
 16 Debtor.

JOINTLY ADMINISTERED
Chapter 11

17 In re:
 18 USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC,
 19 Debtor.

**OFFICIAL COMMITTEE
OF DIRECT LENDERS
OPPOSITION TO DEBTORS'
MOTION FOR ORDER
APPROVING CONTINUED
USE OF CASH THROUGH
OCTOBER 29, 2006,
PURSUANT TO THIRD
REVISED BUDGET**

20 In re:
 21 USA CAPITAL FIRST TRUST DEED FUND, LLC,
 22 Debtor.

Date: August 4, 2006
Time: 9:30 a.m.

23 Affects:
 24 All Debtors
 USA Commercial Mortgage Company
 USA Capital Realty Advisors, LLC
 USA Capital Diversified Trust Deed Fund, LLC
 USA Capital First Trust Deed Fund, LLC
 USA Securities, LLC

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1 On May 22, 2006, this Court entered its Second Order Approving Debtors' Cash
 2 Management Procedures and Cash Usage ("Cash Order"). Generally, the Cash Order authorized
 3 the Debtors to fund the operation and administration of their respected estates through their one
 4 percent (1%) annual servicing fee the Debtor receives for ongoing collections in its capacity as a
 5 loan servicer. Otherwise, the Court ordered the segregation of all principal and interest received
 6 from ongoing collections.
 7

8 On July 7, 2006, Debtors filed their Motion for Order Approving Continued Use of Cash
 9 Through October 29, 2006 Pursuant to Third Revised Budget ("Third Budget"). As set forth in
 10 the Third Budget, Debtors are only seeking to use funds in the separate DIP Collection Account
 11 to the extent they have contractual rights to "collect servicing fees and other fees and costs." See
 12 Motion page 4 line 10. The Debtors further acknowledge that they are "not seeking permission
 13 to use any funds being held in the separate DIP Investor Account . . ." Id. at line 8.
 14

15 Here, the Debtors are not seeking, and the Official Committee of Direct Lenders sees no
 16 justification for, Debtors funding their ongoing operations from anything other than from the
 17 proceeds they receive from post-petition loan servicing fees. To the extent Debtors seek to use
 18 the Amended Budget as a means to obtain Court approval to enter into loan extension or exercise
 19 remedies against Direct Lenders or "pre-paid interests," the Official Committee of Direct
 20 Lenders object. Instead the Debtors' should be limited to funding the operation and
 21 administration of their estates through only the one percent (1%) annual servicing fee and other
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1 maintenance fees earned on a post-petition basis. Otherwise, all funds received on account of
2 principal and interest must be segregated.

3 DATED this 27th day of July, 2006.
4

5 GORDON & SILVER, LTD.
6

7 By: _____
8

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16 ("Official Committee of Direct Lenders")
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